CLASSIFICATION

CENTRAL INTELLIGENCE AGENCY

REPORT NO.

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INFORMATION REPORT

COUNTRY China

DATE DISTR. 20 November 1950

SUBJECT

Statement of a Chinese Communist Government Official on Reasons for and Terms for Settlement

25X1X

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PLACE

25X Korean Intervention **ACQUIRED**

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Reasons for the intervention of the Chinese Communists in the Korean war were 25X1X

- According to the Sino-Soviet agreements of 1949-1950, the Soviets agreed to supply transport for the invasion of Taiwan only on condition that the Chinese enter the Korean war.
- The Chinese Communists must protect the hydroelectric plants on the Yalu River
- Intervention is a means of gaining political prestige in the world.
- Probable terms for the settlement of the Korean intervention issue, according to the official, will be demanded by the Chinese Communists as follows:
 - Permanent control of the hydroelectric plants.
 - Establishment of a buffer state, or at least a no-man's land, ten miles south of the Yalu River.
 - Withdrawal of the Seventh Fleet from the Taiwan Straits.
 - Entry of the Chinese Communist government into the United Nations.

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Government is seriously considering a third world war, but that the present theory is that the United States is not prepared to fight a w rld war and that the Communist terms will eventually be accepted.

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